

BALANCE OF CURRENT TRANSACTIONS OF CANDIDATE COUNTRIES: ANNUAL DATA 1995-1998

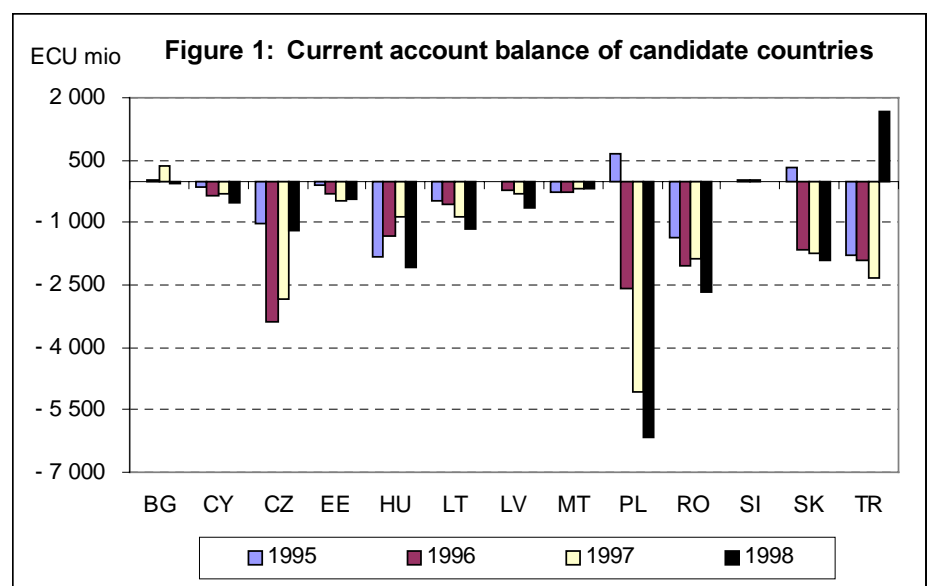
Elena CAPRIOLI

In spite of the surpluses recorded by most of the candidate countries in the accounts of services and current transfers, their current balances tended to be in deficit between 1995 and 1998. The composition of services showed a strong emphasis on exports of travel services and imports of "other services".

Changes in the current account balance of countries applying for membership of the European Union¹: persistent deficit due to goods and income accounts

From 1995 to 1998 most of the 13 candidate countries recorded current balance deficits. As a rule, these deficits stayed below ECU 3 billion. Three countries stood out, however:

- Poland, where after a surplus of ECU 653 million in 1995, the current account balance registered a steady decline, which reached a record deficit of ECU 6.2 billion in 1998;
- Slovenia, where the current account balance remained in equilibrium between 1995 and 1998;
- Turkey, where the deficit hovered around ECU 2 billion between 1995 and 1997 before turning into a surplus of ECU 1.7 billion in 1998.



¹ Candidate countries: BG=Bulgaria, CY=Cyprus, CZ=Czech Republic, EE=Estonia, HU=Hungary, LT=Lithuania, LV=Latvia, MT=Malta, PL=Poland, RO=Romania, SI=Slovenia, SK=Slovakia, TR=Turkey

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BALANCE OF PAYMENTS

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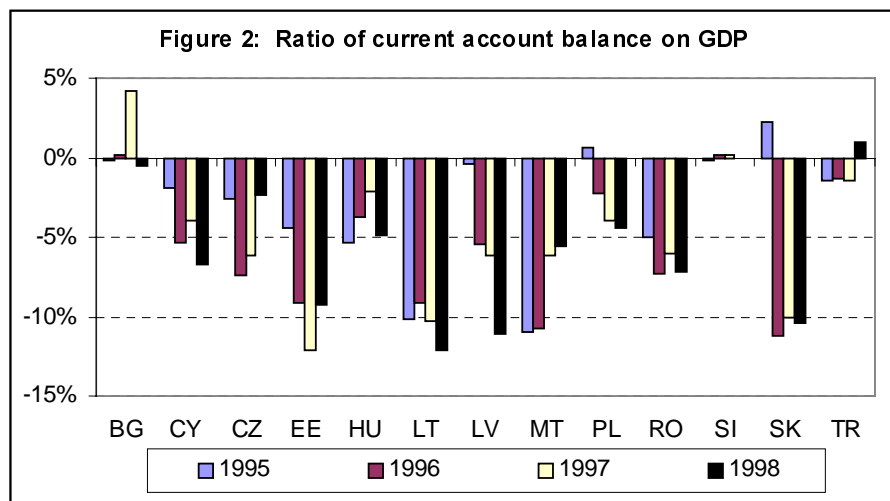
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Summary table of the current account and its main components for the candidate countries

(ECU mio)

1998 data		BG	CY	CZ	EE	HU	LT	LV	MT	PL	RO	SI	SK	TR
Current account	Exports	5 842	4 021	32 119	3 992	25 127	4 848	3 001	3 242	43 826	9 516	10 589	12 623	56 090
	Imports	5 897	4 559	33 306	4 421	27 186	6 006	3 633	3 437	49 982	12 163	10 593	14 515	54 421
	Net	- 55	- 537	- 1 187	- 429	- 2 059	- 1 158	- 632	- 194	- 6 156	- 2 647	- 3	- 1 893	1 669
Goods	Exports	3 741	955	23 412	2 399	18 505	3 534	1 798	1 629	28 960	7 405	8 113	9 555	27 848
	Imports	4 080	3 130	25 680	3 397	20 615	4 888	2 805	2 156	40 410	9 747	8 804	11 652	40 632
	Net	- 340	- 2 175	- 2 269	- 998	- 2 110	- 1 354	- 1 007	- 528	- 11 450	- 2 341	- 691	- 2 097	- 12 784
Services	Exports	1 595	2 652	6 658	1 321	5 288	989	930	1 054	9 741	1 086	1 826	2 102	20 802
	Imports	1 262	1 020	5 065	810	3 696	775	679	713	5 980	1 669	1 368	2 085	8 795
	Net	332	1 632	1 593	511	1 592	215	251	340	3 761	- 583	458	17	12 007
Transport	Exports	403	331	1 234	632	577	387	590	283	2 564	450	479	683	2 783
	Imports	472	503	628	365	403	237	198	326	1 483	565	361	395	2 320
	Net	- 69	- 172	607	267	174	150	392	- 43	1 080	- 115	118	288	463
Travel	Exports	862	1 538	3 304	481	3 145	410	163	585	3 828	232	996	493	6 402
	Imports	463	366	1 660	137	997	261	273	172	690	409	512	480	1 565
	Net	399	1 172	1 644	344	2 147	149	- 110	413	3 139	- 177	484	13	4 837
Other services	Exports	330	783	2 119	208	1 566	192	178	239	3 349	404	352	926	11 617
	Imports	327	151	2 777	307	2 295	277	209	260	3 807	696	495	1 209	4 910
	Net	3	631	- 658	- 100	- 729	- 84	- 31	- 21	- 458	- 292	- 143	- 284	6 707
Income	Exports	274	296	1 351	119	994	111	186	457	1 986	235	410	390	2 213
	Imports	526	390	2 224	193	2 669	339	138	516	3 036	629	281	530	4 876
	Net	- 253	- 94	- 873	- 74	- 1 675	- 228	48	- 58	- 1 051	- 394	130	- 140	- 2 663
Current transfers	Exports	233	119	699	154	340	214	87	103	3 140	790	240	576	5 227
	Imports	28	18	337	22	206	5	12	51	556	119	140	249	119
	Net	205	101	362	132	133	210	75	51	2 584	672	100	327	5 108

More than half of the candidate countries had a current deficit of between 5% and 2% of GDP²



for Slovakia, Estonia, Latvia and Lithuania, and 5% for Hungary, Poland, Romania, Cyprus and Malta.

It was close to 0% for Bulgaria, Slovenia and Turkey. While the figure was virtually stable between 1995 and 1998 for Romania, Slovenia, Lithuania and Turkey, it showed an upward trend in the case of Poland, Estonia and Latvia and a downward trend for Malta.

After accounting for 2% of GDP in 1995, the current account balance of Slovakia reversed in the following year and stood at -10% of GDP in 1998.

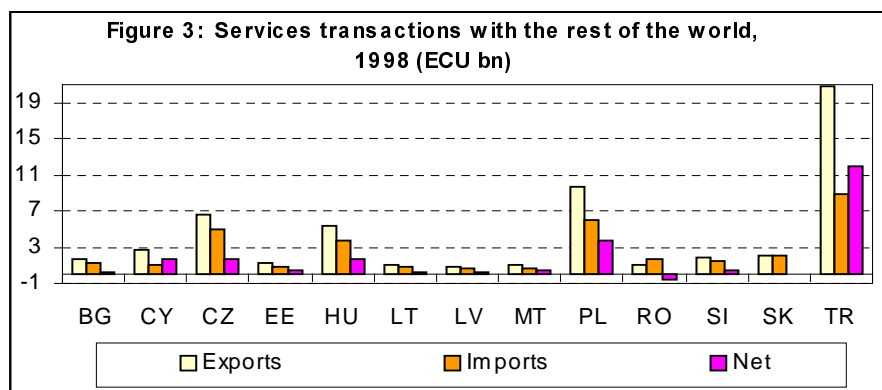
Between 1995 and 1998 the ratio of the current account balance on GDP ranged between 4% and -12% in the various candidate countries. In 1998 the ratio of the current deficit on the GDP was about 10%

Trade in services with the rest of the world: positive balances in 1998

In 1998 Romania was the only candidate country where trade in services recorded a deficit.

With the exception of Romania and Latvia, the candidate countries enjoyed a sizable surplus in the travel services account in 1998.

The biggest surplus for exports of services (ECU 20.8 billion) was achieved by Turkey, mainly due to "other services".



² GDP at current prices

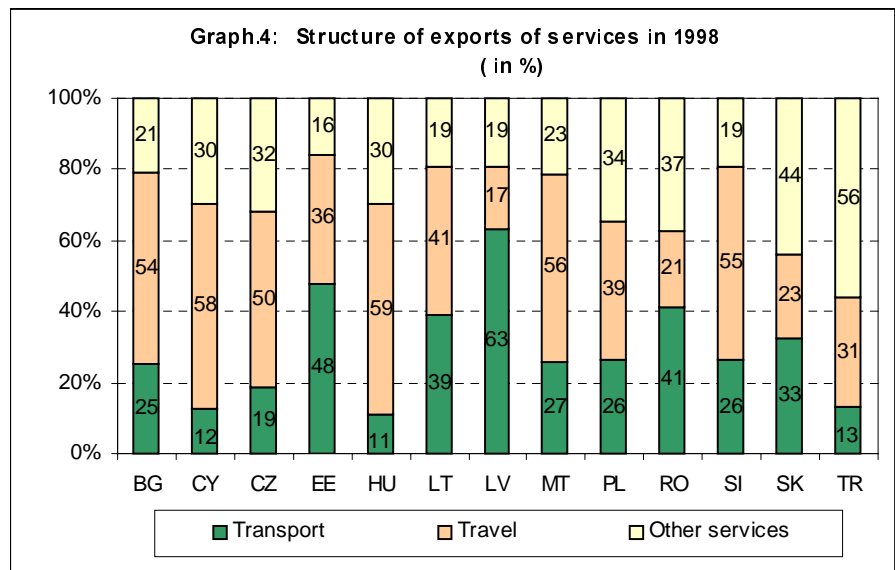
Structure of services: breakdown into transport services, travel services and other services

The structure of **exports of services** (broken down into transport, travel and other services) remained fairly stable between 1995 and 1998 for each of the 13 candidate countries.

The island countries of Cyprus and Malta, where exports of travel services accounted for more than 19% of GDP in 1998, are economies that rely heavily on tourism. Travel services accounted for more than 50% of their total exports of services in 1998.

However, travel services also accounted for a large percentage of exported services in Hungary (59%), Slovenia (55%) and the Czech Republic (50%).

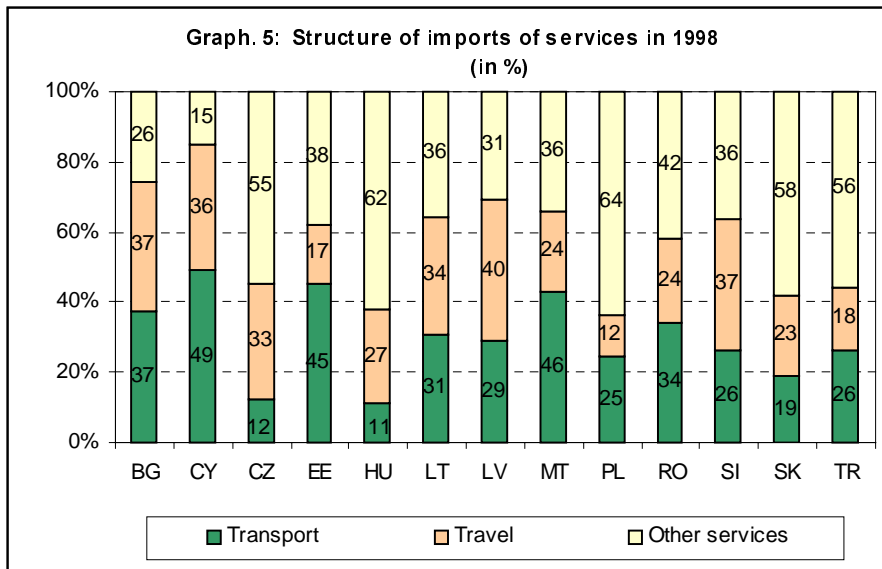
In the case of Latvia, transport services accounted for a remarkable 63% of total exports of services. The situation was similar, but with lower



figures, in Estonia (48%), in Romania (41%) and Lithuania (39%).

Turkey exported mainly "other services", which account for 56% of

its total exports of services. The breakdown of transport, travel and other services is fairly even in Poland.



"Other services" account for the bulk of **imports of services** in Poland (64%), Hungary (62%), Slovakia (58%), the Czech Republic (55%) and Turkey (56%).

Transport services are the biggest component of imported services for Cyprus, Malta, Estonia and Bulgaria.

In the case of Latvia, travel services account for 40% of total imports of services. There is a fairly even breakdown of transport, travel and other services in Lithuania and Slovenia.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The data used in this edition of Statistics in Focus are taken from the Balance of Payment statistics supplied by each candidate country. The methodological framework is that of the fifth edition of the *International Monetary Fund (IMF) Balance of Payments Manual*.

The "other services" referred to in this report cover communications services, construction services, insurance services, financial services, computer and information services, royalties and licence fees, other business services, personal, cultural and recreational services, government services n.i.e. and services not allocated.

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